

IDAHO OUTLOOK

NEWS OF IDAHO'S ECONOMY AND BUDGET

STATE OF IDAHO

DIVISION OF FINANCIAL MANAGEMENT

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Mothers of America do not despair. The times are changing for the better. Certain trends suggest your children will eat more vegetables and fruits in the future. These trends include the aging of the U.S. population, rising incomes, rising education levels, and the growing Hispanic population.

A recent United States Department of Agriculture (USDA) article confirms Americans are not heeding their mothers' good advice to eat their fruits and vegetables. And they do so at their own peril. The health benefits of eating fruits and vegetables are well documented. For example, this type of diet is associated with decreased risks of several chronic maladies, such as cardiovascular disease, type 2 diabetes, and some cancers. Most fruits and vegetables are also naturally low in calories, which make them useful allies in the nation's ongoing battle of the bulge.

Just how many servings of vegetables and fruits are Americans eating? The USDA estimates that in 2003 each American had 3.7 servings of vegetables per day. A serving equals a cup of raw leafy vegetables or a half-cup of other raw or cooked vegetables. The types of vegetables eaten daily amounted to 0.2 servings of dark-green vegetables, 0.2 serving of orange vegetables, 0.2 serving of legumes, 1.3 servings of starchy vegetables (including potatoes), and 1.8 servings of other vegetables. Interestingly, Americans ate even less fruit than vegetables. Specifically, just 1.4 servings of fruit were consumed per person each day. A serving of fruit is equivalent to a medium apple, orange, or banana or a half-cup of fruit. Citrus, melons, and berries accounted for 0.5 serving per day and

other fruits made up the remaining 0.9 serving.

While this level of consumption may be the norm, it falls short of the USDA's recommended daily intake pattern for adults of 2,000 calories that is reported in its *Dietary Guidelines for Americans 2005*. According to these guidelines, Americans need to eat more fruit. The consumption of 1.4 servings per day is far below the 4 servings set by the USDA. Americans do better with vegetables. They eat 3.7 daily servings, which is slightly below the USDA recommendation of 5 servings. However, a look at the details shows some shortcomings. Specifically, too few dark-green and orange vegetables and legumes are consumed. Interestingly, we do better with other items. For example, we consume virtually the USDA's recommended amount of other vegetables and actually eat slightly more than the recommended amount of starchy vegetables.

So why do Americans make the food choices they make? Are fruits and vegetables too expensive? Not according to the USDA, which found consumers could meet the recommended requirements for about a \$1 per day. Income plays a role. The USDA found the consumption of fruits and vegetables rises with income. Interestingly, education seems to have an even bigger influence on consumption than income. According to the USDA, "Controlling for income, college-educated households had the highest level of per capita fruit and vegetable expenditures (\$5.99 per person per week versus \$4.25 for households headed by a high-school-only graduate)." The amount and variety of vegetables and fruit consumed increases with nutrition knowledge. Asian and Hispanic households also tend to consume more vegetables than other households. This

probably reflects the wider use of vegetables in their traditional meals.

Other factors also affect food choices. For example, the presence of children in the household actually has a negative influence on vegetable consumption. This reflects youngsters' strong influences on food choices. Another factor adversely affecting vegetable and fruit consumption is the increased number of meals eaten away from home. It is estimated the typical meal away from home consists of less than a quarter serving of vegetables and a half serving of fruits. Not all vegetables suffer because of the growing number of meals eaten away from home. Potatoes actually benefit from this trend. The USDA estimates fried potatoes account for about 35% of vegetables eaten away from home, compared with 10% of at-home vegetable consumption.

The USDA predicts per capita fruit consumption should grow a total of 5% to 8% over the next 15 years. Vegetable consumption should also increase. The one exception is potato consumption. The USDA believes the consumption of fried potatoes and chips could drop by nearly 9% by 2020 and consumption of other potato products could decline 3%. It should be pointed out that the USDA includes potatoes as a healthy ingredient in a well-balanced diet.

It appears mothers are right again; Americans need to eat more fruits and vegetables. United States Department of Agriculture researchers confirm moms' sound advice. So listen to your mother's opinion. Sometimes it's more than good advice; it's also solid science.

DIRK KEMPTHORNE, Governor

**Division of Financial Management
700 W. Jefferson, Room 122
PO Box 83720**

Boise, Idaho 83720-0032 (208) 334-3900

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Brad Foltman, Administrator

Economic Analysis Bureau

Michael H. Ferguson, Chief Economist

Derek E. Santos, Economist

General Fund Update

As of June 30, 2005

<u>Revenue Source</u>	<u>\$ Millions</u>			
	<u>FY04 Actual</u>	<u>FY05 Executive Estimates Jan. 04</u>	<u>Jan. 05¹</u>	<u>FY05 Actual</u>
Individual Income Tax	902.1	962.0	974.5	1,035.5
Corporate Income Tax	103.0	118.0	120.6	139.6
Sales Tax	886.1	921.8	933.4	950.8
Product Taxes ²	44.6	22.0	22.5	22.8
Miscellaneous	161.3	93.6	106.0	119.0
TOTAL GENERAL FUND³	2,097.1	2,117.4	2,156.9	2,267.7

¹ Executive estimate as adjusted for 2004 legislative action
² Product Taxes include beer, wine, liquor, and cigarette taxes
³ May not total due to rounding

The General Fund finished the fiscal year on a positive note in June, with \$10.4 million more in revenue than was expected for the month. The full fiscal year revenue surplus now stands at \$110.8 million, which is 5.1% higher than the current forecast. Although all five major revenue categories finished ahead of expectations, over half of the excess (\$61.1 million) was from the individual income tax. Much of the unexpected gain in both income tax and sales tax appears to be related to unusually low interest rates and corresponding strong real estate and construction activity.

Individual income tax accounted for \$9.2 million of June's excess revenue and finished the year \$61.1 million higher than expected for the full fiscal year. Filing payments alone were \$4.7 million higher than expected for the month, and \$60.4 million above the forecasted amount for the fiscal year. Withholding collections were \$8.5 million higher than expected for the month of June, and are \$13.5 million higher than expected for the fiscal year. This includes

\$9.8 million for the month and \$10.1 million for the fiscal year that are from withholding on lottery winnings that do not go to the General Fund, but instead are allocated to the Public School Income Fund and to County Juvenile Probation Services. Refunds were \$4.9 million lower than expected for the month of June, and \$5.2 million higher than expected for the full fiscal year. Miscellaneous diversion were \$9.3 million higher than expected in June and are \$9.6 million higher than expected for the fiscal year. These excesses are due to the distribution of the funds associated with the withholding from the Powerball winner.

Corporate income tax was \$1.3 million higher than expected for the month of June. It has ended the fiscal year \$18.9 million higher than expected. For the year filing payments were up \$1.9 million, estimated payments were up \$11.4 million, and refunds were \$1.2 million lower than expected. In addition, Multi-State receipts were \$2 million higher than expected and Miscellaneous

Diversion were \$2.5 million lower than expected.

Sales tax was \$0.1 million higher than expected for the month of June. It has ended the fiscal year \$17.4 million higher than expected. June's performance is the weakest month of the current fiscal year, and this may be due to deferred purchases in anticipation of the sales tax rate reverting to 5%. If this is the case then July receipts should also be artificially weak, since they reflect activity in June, the last month of the 6% sales tax.

Product taxes were less than \$0.2 million higher than expected in June, and are \$0.3 million higher than expected for the full fiscal year. Miscellaneous revenue was \$0.3 million lower than expected for the month of June but finished the full fiscal year \$13.0 million higher than expected. \$7.3 million is from unclaimed property, \$3.1 million is from interest earnings, and \$2.1 million is from the insurance premium tax.